

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-04 ERDA-05 AID-05  
CEA-01 CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07  
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06  
OES-06 SP-02 SS-15 TRSE-00 ACDA-07 FEA-01 ITC-01 /114 W  
-----102353Z 114922 /72-61

P 102334Z MAR 77  
FM AMEMBASSY OTTAWA  
TO SECSTATE WASHDC PRIORITY 2747  
INFO USMISSION GENEVA

LIMITED OFFICIAL USE OTTAWA 01463

FOR STATE (EB); STR; FEA; WHITE HOUSE/SECRETARY  
SCHLESINGER

E.O. 11652: N/A  
TAGS: ENRG, CA  
SUBJECT: CANADA PROPOSES PETROCHEMICAL TARIFF TALKS

1. AT MEETING WITH SECRETARY SCHLESINGER MARCH 4, ENERGY, MINES AND RESOURCES MINISTER GILLESPIE SUGGESTED EARLY BILATERAL TALKS ON REDUCTIONS IN PETROCHEMICAL TARIFFS. GILLESPIE RECOGNIZED THAT ACTUAL NEGOTIATIONS OF PETROCHEMICAL TARIFFS COULD TAKE PLACE ONLY IN THE FRAMEWORK OF MTN, BUT DESCRIBED QUESTION AS OF SUCH POLITICAL IMPORTANCE IN ALBERTA AS TO WARRANT EARLY MEETING.
2. SECRETARY SCHLESINGER AGREED TO PROPOSAL, WHILE NOTING THAT TALKS WOULD HAVE TO BE EXPLORATORY ONLY, INASMUCH AS ATTITUDE OF U.S. PETROCHEMICAL INDUSTRY TOWARDS MUTUAL TARIFF REDUCTIONS IS PROBABLY NOT YET KNOWN TO U.S. GOVERNMENT NEGOTIATORS.
3. IN MAKING HIS PROPOSAL, GILLESPIE DID NOT PUT FORWARD

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OTHER ELEMENT (TALKS ON POSSIBILITY OF AUGMENTING OR EXTENDING CURRENT GAS EXPORT CONTRACTS TO UNITED STATES) WHICH ALBERTA PREMIER LOUGHEED HAS BEEN PROPOSING AS INCENTIVE FOR BROAD REDUCTION IN U.S. PETROCHEMICAL TARIFFS. WE UNDERSTAND LOUGHEED STIMULATED SENATOR JACKSON'S INTEREST IN SUCH A TRADE-OFF WHEN JACKSON VISITED ALBERTA LAST DECEMBER.

4. IN FOLLOWING UP SCHLESINGER/GILLESPIE EXCHANGE, WE BELIEVE IT WILL BE USEFUL TO SUGGEST A BROADER FRAMEWORK FOR DISCUSSIONS. WE SHOULD AVOID IMPRESSION THAT WE ARE AT THIS STAGE PROPOSING TO BARGAIN TARIFF REDUCTIONS FOR GAS SUPPLY ASSURANCES BUT QUESTION OF LINKAGE IS BOUND TO COME UP EVENTUALLY AND IT WOULD BE BEST TO HAVE FACTS ON THE TABLE. THEREFORE REQUEST WE BE AUTHORIZED TO SUGGEST TO EMR THAT BILATERAL TALKS ON "PETROCHEMICAL TARIFFS" INCLUDE DISCUSSION OF "LONG-TERM GAS SUPPLIES" AND HOW THESE IMPACT ON INTERESTS AND INTENTIONS OF INDUSTRIES ON BOTH SIDES OF BORDER. GILLESPIE TELLS ME HE THINKS TRADE NEGOTIATORS SHOULD LEAD THE DISCUSSION ON BOTH SIDES; BUT HE HAS NO OBJECTION TO INCLUSION OF ENERGY EXPERTS AND DISCUSSION OF GAS SUPPLIES.

5. ACTION: SUGGEST THAT PETROCHEMICAL TARIFF TALKS BE INCLUDED ON AGENDA WHEN INDUSTRY, TRADE AND COMMERCE MINISTER CHRETIEN, WHO IS KEY FIGURE IN MTN DECISION-MAKING CALLS ON SPECIAL TRADE REPRESENTATIVE DESIGNATE STRAUSS ON MARCH 28 OR 29. THEY COULD THEN FOLLOW THROUGH.

6. REQUEST INSTRUCTIONS. ENDERS

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## Message Attributes

**Automatic Decaptoning:** X

**Capture Date:** 01-Jan-1994 12:00:00 am

**Channel Indicators:** n/a

**Current Classification:** UNCLASSIFIED

**Concepts:** PETROLEUM, TARIFF NEGOTIATIONS, MEETINGS

**Control Number:** n/a

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**Subject:** CANADA PROPOSES PETROCHEMICAL TARIFF TALKS

**TAGS:** ENRG, CA, US

**To:** STATE

**Type:** TE

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